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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

In the Matter of )

Implementation of Section 309(j)  
of the Communications Act )

PP Docket No. 93-253

Competitive Bidding )

DOCKET FILE COPY ORIGINAL

To: THE COMMISSION

**REPLY COMMENTS OF  
TELEPHONE AND DATA SYSTEMS, INC.**

Telephone and Data Systems, Inc., a telecommunications holding company, on behalf of itself and its subsidiaries (collectively "TDS"), by its attorneys, submits the following reply comments in response to the Commission's Public Notice dated December 28, 1994 requesting comment on proposed auction procedures for broadband PCS "D," "E" and "F" block licensing.

We agree with the comments of Ameritech, PCS Primeco and others that the Commission should auction the "F" block licenses separately and after the "D" and "E" block licenses are auctioned. Separate auctions as proposed here are necessary to diminish the cost, complexity and long duration of any possible auction combining the "D", "E" and "F" blocks.

We also believe that holding separate auctions in this way reasonably addresses the needs of those bidders who want auctions which are comprehensive enough to encompass the interdependencies of the "D" and "E" block licenses and not so large, complex and

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slow moving as to discourage the participation of DE bidders whom the Commission intended to benefit under its special procedures for the "F" block auction.<sup>1</sup> By sequencing the "F" block auction after the "D" and "E" block auction, the Commission would be creating meaningful opportunities for DE bidders to team with non-controlling investors from among the pool of unsuccessful bidders in the "D" and "E" auction. This could substantially increase the number of DE bidders in the "F" block auction and make available bidding opportunities for some number of DE bidders who otherwise would not be able to participate.

We disagree with those who argue that a single auction combining the "D", "E" and "F" block licenses will expedite service. (For example, Encompass p. 4) We foresee that the number of licenses, the complexity of the possible geographic and spectrum aggregation strategies and the relatively large number of bids involved will require a slow pace for the auction. BellSouth has suggested one bid round per day (BellSouth, p. 5), which may be realistic in the circumstances. If so, we expect such an auction could take many months to close and will significantly delay commencement of new services beyond the dates otherwise possible if the "D" and "E" blocks are auctioned separately from the "F" block.

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<sup>1</sup> The simultaneous auction of 1,479 licenses is particularly unfair to entrepreneur/small business bidders who are interested in only one or very few markets. The prospect of these bidders committing key management personnel to a complex, timeconsuming bidding process over a period of several months or more will tend to discourage the participation of many qualified bidders. This result is clearly counterproductive to the Commission's goals in this proceeding.

We also disagree with those who argue that the Commission should alter its fundamental objectives to offset possible "headstart" advantages for certain licensees under the various plans at issue here. The possibility that "D" and "E" block licensees might obtain a headstart under our proposed auction sequence is not a rational basis for the Commission to subject all bidders to complex, costly and timeconsuming auction combining "D", "E" and "F" blocks. Nor is it an adequate basis to deprive DE bidders of realistic opportunities to solicit non-controlling investors from the pool of unsuccessful bidders in the "D" and "E" block auction.

Adoption of our auction proposal avoids the need for modifications to the collusive bidding rules proposed by some to enhance coordinated bidding on the "D", "E" and "F" blocks in a single market. Collusive bidding arrangements among multiple applicants in the same geographic markets have been prohibited by the Commission in several policy statements. The Commission should not relax its auction procedures in this area.

Regarding expanded preference options, we agree with BellSouth (pp. 2-3) that the Commission has set aside the "C" and "F" blocks for DE bidders to provide for their participation in broadband PCS deployment. The Commission should limit the scope of its DE preference procedures to those set-aside licenses.

\* \* \*

We request that the Commission adopt our proposed sequencing of the "D" and "E" block auction followed by a separate "F" block auction in the interest of balancing fairly the diverse needs of the many bidders potentially involved. We believe that our approach observes the Commission's goals of awarding licenses to those who value them most, permitting aggregation, awarding licenses promptly and avoiding excessive implementation costs and complexity. It also avoids the need for new and possibly controversial changes in the Commission's collusive bidding rules.

Respectfully submitted,

By

  
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February 9, 1995

CERTIFICATE OF SERVICE

I, Judy Cooper, a legal secretary in the firm of Koteen & Naftalin, hereby certify that on the 9th day of February, 1995, a copy of the foregoing Reply Comments were deposited in the U.S. mail, postage prepaid, addressed to:

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February 9, 1995

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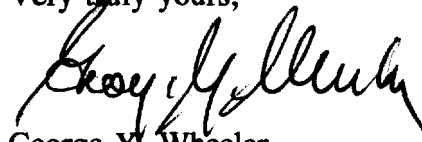
Re: Implementation of Section 309(j) of the  
Communications Act - PP Docket No. 93-253

Dear Mr. Caton:

Transmitted herewith on behalf of Telephone and Data Systems, Inc. are an original and eleven copies of its Reply Comments in response to the Commission's Public Notice dated December 28, 1994 on proposed auction procedures for broadband PCS "D," "E" and "F" block licensing in the above-referenced proceeding.

In the event that there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,

  
George Y. Wheeler

Enclosures